

COMPUTATION OF LEGAL DEBT MARGINS

June 30, 2004

Net Secondary Assessed Valuation as of June 30, 2004 \$ 3,975,522,083

Debt Limit Equal to 20% of Assessed Valuation 795,104,417

General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2004):

1993 Refunding	\$6,681,000
1993A Refunding	2,374,400
1997 Refunding	17,405,000
1989 Series I (1998)	4,445,000
1999 Preservation	16,925,000
2001 Preservation	28,225,000
2001 Refunding	41,355,000
2002	52,000,000
2002 Refunding	40,630,000
2003 Refunding	15,020,000
2004	96,400,000

Net Outstanding Bonded Debt Subject to 20% Limit 321,460,400

Legal 20% Debt Margin (Available Borrowing Capacity) \$473,644,017

Debt Limit Equal to 6% of Assessed Valuation \$238,531,325

General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2004):

1993 Refunding	\$9,924,000
1993A Refunding	1,450,600
1997 Series H Roads	1,235,000
1997 Refunding	2,365,000
1989 Series I (1998)	3,645,000
1999A Streets	4,219,605
1999A Pima Road	1,280,395
2002	9,295,000
2002 Refunding	22,875,000
2004	17,000,000

Net Outstanding Bonded Debt Subject to 6% Limit 73,289,600

Legal 6% Debt Margin (Available Borrowing Capacity) \$165,241,725**State Regulation**

The Arizona Constitution (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the secondary assessed valuation of the taxable property in that city. In addition to the 6% limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20% of the secondary assessed valuation for supplying such city with water, artificial light, or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities.

City of Scottsdale Compliance with State Regulation

This schedule indicates that the secondary assessed valuation of property within the City of Scottsdale allows a maximum legal bonding capacity of \$795,104,417 for projects subject to the 20% limitation and \$238,531,325 for projects subject to the 6% limitation.

Legal Debt Capacity Used based on the City's current outstanding general obligation debt, as of June 30, 2004, the City has *used* (borrowed) the following legal debt capacity by percentage limitation:

20% limitation	\$321,460,400 or 40.43%
6% limitation	\$73,289,600 or 30.73%
Total O/S G.O. Bonds	\$394,750,000

Legal Debt Capacity Available based on the City's current outstanding general obligation debt, as of June 30, 2004, the City has available (for borrowing) the following legal debt capacity by percentage limitation:

20% limitation	\$473,644,017 or 59.57%
6% limitation	\$165,241,725 or 69.27%